

Message Text

CONFIDENTIAL

PAGE 01 STATE 268680

71

ORIGIN IO-13

INFO OCT-01 EUR-12 NEA-10 ISO-00 L-03 DHA-02 ORM-02 AID-05

IGA-02 ABF-01 TRSE-00 OMB-01 EB-07 CIAE-00 INR-07

NSAE-00 SS-15 NSC-05 SP-02 /088 R

DRAFTED BY IO/DHP:CJNEE:JBS

APPROVED BY IO:RDMOREY

IO/DHP:CENORRIS

IO/IBC:RVHENNES

NEA/RA:JCHEEK

IO/UNP:RPECK

L/UNA:RSTOWE

IO/EX:SMENTER

IO/UNP:GBHELMAN

----- 053744

P R 012137Z NOV 76

FM SECSTATE WASHDC

TO USMISSION USUN NEW YORK PRIORITY

INFO AMEMBASSY VIENNA

AMEMBASSY AMMAN

CONFIDENTIAL STATE 268680

E.O. 11652: GDS

TAGS: UNRWA

SUBJECT: UN BUDGET/UNRWA: CONTINGENT LIABILITY FOR

SEPARATION BENEFITS

1. REPORT OF UNRWA COMMISSIONER GENERAL FOR PERIOD ENDING
JUNE 30, 1976 INCLUDES DESCRIPTION OF DIFFICULTIES TO
UNRWA FINANCES POSED BY THE AGENCY'S CONTRACTUAL OBLIGATION
FOR SEPARATION BENEFITS FOR UNRWA EMPLOYEES. UNRWA, WHICH
HAS 15,900 FIELD EMPLOYEES, (8,900 OF WHOM ARE TEACHERS)
HAS A CONTRACTUAL LIABILITY TO PAY THESE STAFF SEPARATION
BENEFITS AND FEELS COMPELLED TO ACCRUE A LIABILITY FOR
CONFIDENTIAL

CONFIDENTIAL

PAGE 02 STATE 268680

THESE COSTS ON ITS BALANCE SHEET. IT PRESENTLY PROVIDES

FOR ABOUT 50 PERCENT OF THE CURRENTLY CALCULATED LIABILITY OF DOLS 23 MILLION ON THE ASSUMPTION THAT IN AN ORDERLY DISSOLUTION OF THE PROGRAM HALF THE STAFF WOULD FIND ALTERNATIVE EMPLOYMENT. DURING PERIODS OF FINANCIAL EMERGENCY WHEN ITS VERY FUTURE SBEMS IN THE BALANCE, UNRWA FEELS IT MUST PROVIDE FOR 100 PERCENT FINANCING SINCE CHANCES FOR IMMEDIATE REEMPLOYMENT NOT FELT LIKELY IN CIRCUMSTANCES WHERE PROGRAM DISBANDED ON CRASH BASIS. IN HIS REPORT COMMISSIONER GENERAL RENNIE POINTS OUT THAT THE AGGRAVATION TO UNRWA FINANCES CAUSED BY THIS LIABILITY COULD BE AVOIDED IF THE GENERAL ASSEMBLY EITHER (A) APPROVED

A SPECIAL ALLOCATION OF FUNDS FROM THE UN BUDGET TO INCREASE UNRWA'S WORKING CAPITAL FOR THIS PURPOSE OR (B) AGREED IN ADVANCE TO ACCEPT A CONTINGENT LIABILITY AGAINST THE UNITED NATIONS' REGULAR BUDGET FOR SEPARATION BENEFITS FOR UNRWA'S LOCAL STAFF IN THE EVENT OF LIQUIDATION OF THE AGENCY. THE WORKING GROUP ON UNRWA FINANCES HAS EXPRESSED THE VIEW THAT LATTER ALTERNATIVE, I.E., ACCEPTANCE OF CONTINGENT LIABILITY BY GENERAL ASSEMBLY MERITS CONSIDERATION.

2. THE CG'S REPORT WILL BE TAKEN UP DURING WEEK OF NOVEMBER 1. IT IS OUR UNDERSTANDING THAT, HAVING EXPOSED THE PROBLEM, COMMISSIONER GENERAL RENNIE BELIEVES THAT ANY DRAFT RESOLUTION ON THE QUESTION OF SEPARATION BENEFITS IN THE SPECIAL POLITICAL COMMITTEE WOULD HAVE TO COME FROM THE INITIATIVE OF GOVERNMENTS.

3. IN DEALING WITH UNRWA'S FINANCIAL DIFFICULTIES WE HAVE FOUND THE PROBLEM POSED BY THE AGENCY'S LIABILITY FOR SEPARATION BENEFITS TO BE PARTICULARLY TROUBLESOME. WE HAVE BEEN ESPECIALLY CONCERNED THAT DURING PERIODS OF ACUTE CRISIS THE AGENCY FINDS ITSELF REQUIRED TO IMMOBILIZE URGENTLY NEEDED WORKING CAPITAL IN ORDER TO MAKE 100 PERCENT PROVISION FOR FUNDING OF SEPARATION BENEFITS. THIS PRACTICE IN OUR VIEW ACTS TO COMPOUND AN ALREADY SERIOUS FINANCIAL PICTURE. BECAUSE OF THIS WE BELIEVE THE SUGGESTION TO HAVE THE GENERAL ASSEMBLY ASSUME A CONTINGENT LIABILITY FOR SEPARATION BENEFITS

CONFIDENTIAL

CONFIDENTIAL

PAGE 03 STATE 268680

TO HAVE MERIT. WE NOTE THAT AN APPROPRIATION OF UN REGULAR BUDGET FUNDS WOULD BE REQUIRED ONLY IF THE AGENCY WERE TO BE SUMMARILY DISBANDED, AN EVENTUALITY WE DO NOT CONSIDER LIKELY. ACCORDINGLY DELEGATION IS AUTHORIZED TO SUPPORT A RESOLUTION WHICH CALLS FOR THE UNGA TO ASSUME CONTINGENT LIABILITY FOR SEPARATION BENEFITS COSTS OF UNRWA FIELD STAFF NOT COVERED BY THE AGENCY.

- IT IS OUR UNDERSTANDING THAT SHOULD THE GENERAL ASSEMBLY ACCEPT CONTINGENT LIABILITY FOR THESE COSTS, UNRWA WOULD NOT TAKE SEPARATION BENEFITS LIABILITY INTO ACCOUNT WHEN ATTEMPTING TO STRIKE A BALANCE BETWEEN ASSETS AND LIABILITIES FOR LIQUIDITY MEASUREMENT PURPOSES TO MEET THE REQUIREMENTS OF FINANCIAL REGULATIONS. WHILE WE CAN SUPPORT A RESOLUTION WHICH WOULD PROVIDE FOR THE GENERAL ASSEMBLY TO ASSUME THIS CONTINGENT

LIABILITY, FOR TACTICAL REASONS WE BELIEVE IT IMPORTANT ANOTHER COUNTRY TAKE THE LEAD IN DRAFTING A RESOLUTION AND IN SEEKING CO-SPONSORSHIP. WE WILL ADDRESS QUESTION OF POSSIBLE US CO-SPONSORSHIP WHEN WE HAVE A CLEARER READING OF IDENTITY AND NUMBERS OF CO-SPONSORS. KISSINGER

CONFIDENTIAL

NNN

Message Attributes

Automatic Decaptoning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: BUDGETS, PERSONNEL SEPARATIONS, FRINGE BENEFITS
Control Number: n/a
Copy: SINGLE
Draft Date: 01 NOV 1976
Decapton Date: 01 JAN 1960
Decapton Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: KelleyW0
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1976STATE268680
Document Source: CORE
Document Unique ID: 00
Drafter: CJNEE:JBS
Enclosure: n/a
Executive Order: GS
Errors: N/A
Film Number: D760407-0434
From: STATE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1976/newtext/t19761193/aaaadcnu.tel
Line Count: 130
Locator: TEXT ON-LINE, ON MICROFILM
Office: ORIGIN IO
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: KelleyW0
Review Comment: n/a
Review Content Flags:
Review Date: 19 MAY 2004
Review Event:
Review Exemptions: n/a
Review History: RELEASED <19 MAY 2004 by BoyleJA>; APPROVED <02 AUG 2004 by KelleyW0>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
04 MAY 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: UN BUDGET/UNRWA: CONTINGENT LIABILITY FOR SEPARATION BENEFITS
TAGS: AORG, APER, UNRWA
To: USUN NEW YORK
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006